



White Earth Reservation Tribal Council

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October 25, 2006

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Erma J. Vizenor

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DISTRICT II
Terrance Tibbetts

DISTRICT III
Kenneth Bevins

Hon Philip Hogen, Chair
National Indian Gaming Commission
1441 L. St. NW, Suite 9100,
Washington, DC 20005

Re: Follow-up questionnaire transmittal and confidentiality

Dear Chairman Hogen,

Enclosed please find the answers of the White Earth Band to your follow-up questionnaire on the Sept. 19, 2006 testimony of Chairwoman Vizenor. Please note that we consider all information provided to be proprietary and confidential. We are providing this information in the hope and belief that it will assist the Commission in arriving at a fair and equitable decision on the regulation of Class II gaming. We believe the release of any of the information herein would do direct harm to our competitive position, clearly outweighing its benefit to further the regulatory process. As such, we appreciate your commitment to treat our response as strictly confidential.

Thank you again for the opportunity to share with the NIGC the thoughts of my government and people. If you have any questions, please feel free to contact our special assistant on these matters, Ms. Lorna LaGue at 218-983-3285.

Sincerely,

Erma J. Vizenor
Chairwoman

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NATIONAL INDIAN
GAMING COMMISSION

7-951531

WHITE EARTH BAND RESPONSE TO NIGC QUESTIONNAIRE

Re: Class II definitions and classification standards

1. How many Class II machines to you have in play?

104

2. How does this count differ from the beginning of this calendar year?

We have increased the number of Class II machines by 8, from 96 to 104.

3. In your opinion, under the proposal, what are the primary changes that would need to be made to your existing Class II gaming machines?

All current machines would need to be replaced. We would not be able to use our current Class II machines. The play, on any replacement machines if available, would significantly slow and be far less appealing to consumers.

4. Do you currently have any machines that would meet the proposed Class II regulations?

No we do not. See also answer to # 3 above.

Do you currently have any bingo gaming machines that conform to NIGC General Counsel opinions? Yes, 104 machines How long does it take to play these machines? Just seconds per spin.

Do you have any bingo machines in play that generally conform with the NIGC General Counsel opinions with the exception that they are one touch games? No

5. If enacted, what will be the effect of the regulations on your gaming enterprise? What type of effects?

White Earth operates remote location electronic bingo, (Class II machines), in conjunction with pull tabs. These machines are connected to our Shooting Star Casino site. We would not be able to maintain the pace of play and games to a degree sufficient to allow us to continue our paper pull tab games, as well as bingo operations continuously. It also would require a significant new investment in electronic infrastructure, if we even determine it would be economically and technically feasible to continue with the remote location games.

6. If there will be a financial impact, how much of a financial impact will the regulation changes have on you? How did you measure this impact?

At a minimum, we anticipate that the remote site bingo and pull tabs would be eliminated. That is a growing enterprise, but in the last year alone, we took in \$1,139,234 for eleven months ending August 31, 2006 on these activities. This represents 2% of total gaming revenue. In addition, we anticipate that we may eliminate our current Class II machine play banks if they are not within the specifications of Class III machines under our compact. We have not yet contacted the state on this issue. This would have resulted in a loss of \$303,838 for eleven months ending August 31, 2006.

7. Will the proposed regulations affect your supply of Class II gaming devices? Will you need to increase/ decrease your count? If so how much?

As previously stated, we expect that all of our Class II machines will be out of compliance. This will shut down our remote location operations. That will result in a decrease of 104 machines, as well as the paper pull tab operations.

8. Do you buy or lease your machines? All Class II machines are leased.

9. How often do you switch out Class II gaming machines?

Our Class II machines are new and we therefore have not yet switched out any of our Class II machines. We anticipate a three to five year staggered rotation.

10. Generally, what are the costs of acquiring new Class II machines (lease vs. purchase)

Lease terms are generally around 70 -30 split, cost of a machine or game upgrade is in the areas of \$18,000 annually. The current climate of legal uncertainty makes it impossible to obtain conventional financing so the WE Band could purchase the machines

11. Do you have available alternatives to Class II machines?

There are no alternatives to Class II machines in the remote site locations. IGRA is clear that a compact would be required for Class III. Paper pull tabs can only be operated where there Class II gaming is operated. There are no other alternatives.

12. Are there any market circumstances unique to your tribe / gaming facilities? (e.g., competition, recent expansions, political climate, likelihood of Class III gaming compact?)

As previously explained, we have expanded our operations to include non-tribal sites conducting charitable gaming within the exterior boundaries of the reservation. Our main location is in a remote, rural location.

13. Should tribes certify the labs? Are you doing that now? What is your process?

This is an issue that is subject to the compact. The Tribes should be capable of following guidelines to certify compliance with minimum internal control standards. There is no

specific gaming laboratory certification regulation under the current gaming ordinance but there is vendor licensing regulation

14. How should the certification appeal section be revised?

We would be open to suggestions as long as our operations are not negatively affected.

15. Have you done any studies or analysis on the gambling habits of your patrons? What was the result? Do your patrons come in with a certain amount of money to spend? Do they quit spending money after they've spent the pre-designated amount? Do they come in with a certain amount of time to spend gambling or is there some other variable that your operation looks at when it markets a game?

The major point of impact for our Class II machine issues are off site locations. We have not done an investigation of the play habits of off site patrons. We assume that gaming revenue comes at the expense of other sales. Also, as noted, one of the key issues of our having continuous play Class II is the ability to operate pull tabs. The rate of play is irrelevant in this regard.